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ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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MAY - 6 2004

~~Memo~~ COMMISSION  
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TO: Docket Control

FROM: Commissioner Mundell *WAM*

RE: ARIZONA PUBLIC SERVICE COMPANY RATE CASE; DOCKET # E-01345A-03-0437

DATE: May 6, 2004

DOCKETED BY	<i>[Signature]</i>
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The following are matters that I would like the parties involved in the Arizona Public Service Company ("APS") rate case settlement proceedings to discuss during their meetings. At a minimum I would like APS and Utilities Division Staff ("Staff") witnesses to address these items. Any comments or input from other parties on the following issues would be greatly appreciated.

1. APS's method of estimating bills:  
I realize that there is currently a Docket (E-01345A-03-0775) in which APS is requesting that this matter be addressed. However, since this rate case will determine what rates APS customers will be paying, I believe it is appropriate to discuss as part of this rate case how those same customers' bills may and/or can be estimated.
2. Tiered and/or seasonal rates:  
APS currently has tiered rates (i.e., the more you use the more you pay) for several of its customer classes. Please discuss the break-over points for these tiers and whether they should be modified based on more current usage data and conservation goals. The parties should explain why there should or should not be any modifications to these break-over points.
3. Discounts for automatic customer payments, i.e., automatic payment withdrawals from checking accounts:  
Please discuss why APS does not offer a discount to its customer for automatic payment of their bills. Please discuss the possibility of including this type of discount in APS's tariffs as part of this rate case. It is my understanding that many businesses offer this type of discount, e.g., Salt River Project and the Arizona Republic.
4. School District issue:  
At one of our public comment sessions many school district representatives spoke of the hardship of incorporating any rate increase into their already approved budgets. Please discuss the possibility of phasing in any rate increase that would apply to school districts. The thought behind this request is to allow the school districts time to get any Commission approved rate increase incorporated into their budgets. My inquiry should not be interpreted as implying that a rate increase will be granted, or is appropriate. Obviously, if a rate decrease is approved this issue is moot.

Thank you.